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DAVID E. SUNDSTROM, CPA
AUDITOR-CONTROLLER

January 29, 2003

TO: Supervisor Thomas Wilson, Chairman, Board Supervisors
Supervisor Charles Smith, First District
Supervisor James Silva, Second District
Supervisor Bill Campbell, Third District
Supervisor Chris Norby, Fourth District

SUBJECT: Two Percent Assessment Appeals Case

My letter to County Counsel Ben De Mayo dated December 19, 2001, provided an initial estimate of the impact of the two percent assessment appeals case on various categories of taxing entities. This is an update to my January 15, 2002 memo submitted to the Board of Supervisors. We have prepared the attached schedule that shows estimates of the refunds to be recovered and continuing reductions from each agency. This was done to assist Board members and the officials of the impacted agencies in planning for *possible* refunds that could be ordered by a court. This schedule now includes potential refunds for this year and for four previous years. The following schedule is a revision to the one published on the Auditor-Controller's website on January 16, 2003. The prior amount included Secured Annual bills with Supplemental events, which would overstate the refund amount. **Please note that we have no immediate plans to escrow the funds – the schedule was produced only to measure potential impacts.**

The attached estimates are a rough order of magnitude, and category totals differ slightly from the amounts in my letter to Counsel De Mayo. **Being a rough order of magnitude, the estimates will be subject to continuous refinement as we obtain more information on the scope of the case and have more time to prepare analyses of data in our tax system.** However, they are reliable enough for decision-makers to begin planning for a possible reduction in secured taxes. It is not likely that any funds will be refunded until the case is reviewed by the appellate court.

David E. Sundstrom
Auditor-Controller

DES:lr (Two Percent Assessment Appeals Case Update/auditor)
Attachment

cc: County Treasurer John Moorlach
County Assessor Webster Guillory
County Chief Financial Officer Gary Burton
Orange County City Managers
Orange County Schools Superintendents and Chief Business Officers
Orange County Special Districts

ESTIMATED POTENTIAL IMPACT OF 2% ASSESSMENT APPEALS CASE ON AGENCIES IN ORANGE COUNTY TAX REFUNDS FOR FISCAL YEARS 1998-99 THROUGH 2002-2003 AND FUTURE REDUCTION IN TAX BASE (ROUGH ORDER OF MAGNITUDE)		
AGENCY	ALLOCATION OF REFUNDS	FUTURE REDUCTION IN TAX BASE
ANAHEIM CITY TOTAL	3,896,000	1,545,000
ALISO VIEJO CITY TOTAL	154,000	61,000
BREA CITY TOTAL	607,000	253,000
BUENA PARK CITY TOTAL	800,000	318,000
COSTA MESA CITY TOTAL	2,157,000	857,000
CYPRESS CITY TOTAL	418,000	166,000
DANA POINT CITY TOTAL	588,000	234,000
FOUNTAIN VALLEY CITY TOTAL	797,000	317,000
FULLERTON CITY TOTAL	1,988,000	790,000
GARDEN GROVE CITY TOTAL	1,399,000	559,000
HUNTINGTON BEACH CITY TOTAL	4,271,000	1,697,000
IRVINE CITY TOTAL	2,200,000	874,000
LA HABRA CITY TOTAL	796,000	316,000
LA PALMA CITY TOTAL	181,000	72,000
LAGUNA BEACH CITY TOTAL	2,254,000	911,000
LAGUNA HILLS CITY TOTAL	635,000	252,000
LAGUNA NIGUEL CITY TOTAL	301,000	120,000
LAGUNA WOODS CITY TOTAL	22,000	9,000
LAKE FOREST CITY TOTAL	776,000	308,000
LOS ALAMITOS CITY TOTAL	196,000	78,000
MISSION VIEJO CITY TOTAL	2,066,000	821,000
NEWPORT BEACH CITY TOTAL	5,709,000	2,269,000
ORANGE CITY TOTAL	1,958,000	778,000
PLACENTIA CITY TOTAL	742,000	295,000
RANCHO SANTA MARGARITA CITY TOTAL	219,000	87,000
SAN CLEMENTE CITY TOTAL	1,530,000	608,000
SAN JUAN CAPISTRANO CITY TOTAL	774,000	315,000

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<i>AGENCY</i>	<i>ALLOCATION OF REFUNDS</i>	<i>FUTURE REDUCTION IN TAX BASE</i>
SANTA ANA CITY TOTAL	3,094,000	1,230,000
SEAL BEACH CITY TOTAL	546,000	217,000
STANTON CITY TOTAL	174,000	69,000
TUSTIN CITY TOTAL	904,000	359,000
VILLA PARK CITY TOTAL	153,000	61,000
WESTMINSTER CITY TOTAL	376,000	149,000
YORBA LINDA CITY TOTAL	1,129,000	449,000
TOTAL CITIES	43,810,000	17,444,000
COUNTY GEN FUND & PUBLIC LIBRARY TOTAL	26,446,000	10,510,000
COSTA MESA VEH PRKG DISTRICTS TOTAL	0	0
CYPRESS CITY LIGHTING DIST 2 TOTAL	90,000	36,000
GARDEN GROVE SPECIAL DISTRICTS TOTAL	236,000	94,000
IRVINE CITY-OC ST LTG MAINT DIST 10 TOTAL	233,000	93,000
LA PALMA MUNI LIGHTING DIST 1 TOTAL	7,000	3,000
LAGUNA BEACH ST LIGHTING DIST 1 TOTAL	71,000	28,000
LAGUNA NIGUEL CSD TOTAL	958,000	380,000
NEWPORT BEACH - BALBOA ST LTG DIST 50 TOTAL	5,000	2,000
SAN CLEMENTE ST LTG & LNDSCP DIST 1 TOTAL	86,000	34,000
STANTON MUNI LTG DIST TOTAL	36,000	14,000
WESTMINSTER MUNI LTG DIST TOTAL	110,000	44,000
YORBA LINDA MAINT DIST TOTAL	65,000	26,000
CAPISTRANO VALLEY WTR DIST TOTAL	97,000	38,000
LAGUNA BEACH SUB. CO WATER DIST TOTAL	208,000	83,000
CYPRESS RECREATION & PARK DIST TOTAL	396,000	157,000
TOTAL CITY SUBSIDIARY SPECIAL DISTRICTS	2,598,000	1,032,000

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<i>AGENCY</i>	<i>ALLOCATION OF REFUNDS</i>	<i>FUTURE REDUCTION IN TAX BASE</i>
SOUTH COAST WATER -CAPO BCH WTR ID2-ZN 6 TOTAL	38,000	15,000
COSTA MESA SANITARY DIST TOTAL	21,000	8,000
SOUTH COAST WATER-DANA POINT SANI D ZN3 TOTAL	111,000	44,000
EAST ORANGE COUNTY WATER DIST TOTAL	93,000	37,000
EL TORO WATER DIST TOTAL	78,000	31,000
IRVINE RANCH WATER DIST TOTAL	1,833,000	729,000
ROSSMOOR/LOS ALAMITOS SEWER DIST TOTAL	33,000	13,000
IRWD-LOS ALISOS WATER DIST TOTAL	180,000	71,000
MIDWAY CITY SANI DIST TOTAL	212,000	84,000
MOULTON NIGUEL WATER DIST TOTAL	2,232,000	887,000
ROSSMOOR CSD SPECIAL DIST TOTAL	83,000	33,000
SANTA MARGARITA WATER DIST TOTAL	544,000	216,000
EMERALD BAY COMMUN. SERVICE DIST TOTAL	108,000	43,000
SANTIAGO COUNTY WATER DIST TOTAL	22,000	9,000
THREE ARCH BAY COMM SERV DIST TOTAL	80,000	32,000
SOUTH COAST COUNTY WATER DIST TOTAL	383,000	182,000
ORANGE COUNTY FIRE AUTHORITY TOTAL	16,925,000	6,726,000
SURFSIDE COLONY COMM SERV DIST TOTAL	8,000	3,000
ORANGE COUNTY WATER DIST TOTAL	1,852,000	736,000
TRABUCO CANYON COUNTY WATER DIST TOTAL	128,000	51,000
ORANGE CO TRANSIT DIST-OPERATING TOTAL	1,079,000	429,000
O C SANITATION DIST TOTAL	6,479,000	2,575,000
YORBA LINDA COUNTY WATER DIST TOTAL	332,000	122,000
ELSINORE VALLEY MUNI WATER DIST	0	0
WESTERN MUNI WATER DIST	0	0
MUNI WATER DISTRICTS TOTAL	0	0
METRO WATER TOTAL	2,557,000	1,020,000

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<i>AGENCY</i>	<i>ALLOCATION OF REFUNDS</i>	<i>FUTURE REDUCTION IN TAX BASE</i>
BUENA PARK LIBRARY DIST TOTAL	213,000	85,000
PLACENTIA LIBRARY DIST TOTAL	186,000	74,000
CAPO BAY COMMUNITY SERVICE DIST TOTAL	55,000	22,000
SURFSIDE COLONY WTR PROTECTION TOTAL	4,000	1,000
SILVERADO-MODJESKA REC&PARK DIST TOTAL	5,000	2,000
O C VECTOR CONTROL DIST TOTAL	429,000	170,000
SUNSET BEACH SANI DIST TOTAL	33,000	13,000
O C CEMETARY DIST TOTAL	145,000	58,000
TOTAL INDEPENDENT SPECIAL DISTRICTS	36,481,000	14,521,000
O C FLOOD CONTROL DIST TOTAL	6,640,000	2,639,000
O C HARBORS BEACHES & PARKS DIST TOTAL	4,921,000	1,956,000
COUNTY SERVICE AREA #4 TOTAL	44,000	17,000
NORTH TUSTIN LDSCP & LTG ASMT TOTAL	47,000	19,000
COUNTY SERVICE AREA #13 TOTAL	0	0
COUNTY SERVICE AREA #20 TOTAL	1,000	0
COUNTY SERVICE AREA #22 TOTAL	2,000	1,000
TOTAL BOARD GOVERNED SPECIAL DISTRICTS	11,655,000	4,632,000
ANAHEIM ELEMENTARY GENERAL FUND TOTAL	6,525,000	2,593,000
BUENA PARK ELEMENTARY GEN FUND TOTAL	1,053,000	418,000
CENTRALIA ELEMENTARY GENERAL FUND TOTAL	1,269,000	504,000
CYPRESS ELEM GENERAL FUND TOTAL	1,378,000	548,000
FOUNTAIN VALLEY ELEM GEN FUNDTOTAL	2,121,000	827,000
FULLERTON ELEMENTARY GENERAL FUND TOTAL	2,871,000	1,141,000
HUNTINGTON BEACH ELEMENTARY GEN FUND TOTAL	3,051,000	1,212,000
LA HABRA ELEM GENERAL FUND TOTAL	1,167,000	464,000
LOWELL JOINT ELEM GENERAL FUND TOTAL	435,000	173,000
MAGNOLIA ELEMENTARY GENERAL FUND TOTAL	874,000	347,000
OCEAN VIEW ELEMENTARY GENERAL FUND TOTAL	2,849,000	1,132,000

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AGENCY	ALLOCATION OF REFUNDS	FUTURE REDUCTION IN TAX BASE
SAVANNA ELEMENTARY GENERAL FUND TOTAL	530,000	211,000
WESTMINSTER ELEM GENERAL FUND TOTAL	1,626,000	646,000
ANAHEIM HIGH GENERAL FUND TOTAL	6,046,000	2,403,000
FULLERTON HIGH GENERAL FUND TOTAL	4,237,000	1,684,000
HUNTINGTON BEACH HIGH TOTAL	7,847,000	3,119,000
BREA OLINDA UNIFIED GENERAL FUND TOTAL	1,575,000	626,000
CAPISTRANO UNIFIED GENERAL FUND TOTAL	22,980,000	9,133,000
GARDEN GROVE UNIFIED GENERAL FUND TOTAL	7,293,000	2,898,000
IRVINE UNIFIED GENERAL FUND TOTAL	11,938,000	4,744,000
LAGUNA BEACH UNIFIED GENERAL FUND TOTAL	2,770,000	1,101,000
LOS ALAMITOS UNIFIED GENERAL FUND TOTAL	2,792,000	1,109,000
NEWPORT-MESA UNIFIED GENERAL FUND TOTAL	16,794,000	6,674,000
ORANGE UNIFIED GENERAL FUND TOTAL	12,446,000	4,946,000
PLACENTIA YORBA LINDA UNIF GEN FUND TOTAL	6,616,000	2,629,000
PLACENTIA YORBA LINDA UNIF GEN-FUHS TOTAL	425,000	169,000
SADDLEBACK VALLEY UNIF GEN FUND TOTAL	14,117,000	5,610,000
SANTA ANA UNIFIED TOTAL	8,408,000	3,342,000
TUSTIN UNIFIED GENERAL FUND TOTAL	7,877,000	3,130,000
COAST COMM COLLEGE TOTAL	8,721,000	3,466,000
NORTH OC COMM COLLEGE TOTAL	5,777,000	2,296,000
RANCHO SANTIAGO COMM COLL TOTAL	4,214,000	1,675,000
SOUTH ORANGE CO COMM COLL TOTAL	13,975,000	5,554,000
ORANGE CO DEPT OF EDUCATION TOTAL	7,069,000	2,809,000
EDUCATIONAL REVENUE AUGMENTATION FUND	61,458,000	24,424,000
TOTAL SCHOOL DISTRICTS w/ ERAF	261,124,000	103,757,000
ANAHEIM ELEM 2002 BOND #2002	524,000	176,000
BUENA PARK ELEM 1998 BOND #1999A	53,000	23,000
BUENA PARK ELEM 1998 BOND #2000A	9,000	4,000
BUENA PARK ELEM 1998 BOND #2001A	15,000	6,000

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<i>AGENCY</i>	<i>ALLOCATION OF REFUNDS</i>	<i>FUTURE REDUCTION IN TAX BASE</i>
FULLERTON ELEM SCH -2002 BOND SR#2002A	249,000	106,000
HUNTINGTON BEACH ELEM 2002 BOND #2002	151,000	78,000
LA HABRA EL SCH -2000 BOND SR#2000A	53,000	23,000
LA HABRA EL SCH -2000 BOND SR#2001A	18,000	8,000
MAGNOLIA SCH DIST-2000 BOND SR2000A	40,000	18,000
MAGNOLIA SCH DIST-2000 BOND SR2001B	35,000	16,000
NORTH OC COMM COLL 2002 BOND #2002	1,246,000	519,000
SANTA ANA UNIF SCH-1999 BOND SR2002A	384,000	182,000
CAPISTRANO UNIF-ID#1 1999 BOND 2002C	187,000	71,000
CAPISTRANO UNIF-ID#1 1999 BOND 2001	285,000	109,000
FULLERTON HIGH SCH -2002 BOND #2002	351,000	151,000
ANAHEIM HIGH 2002 BOND 2002A	763,000	300,000
LAGUNA BEACH UNIF 2001 BOND SER 2001	296,000	135,000
NEWPORT MESA UNIF SCH 2000 BOND 2001	307,000	130,000
PLACENTIA -YORBA LINDA UNIF 2002 BOND #A	653,000	279,000
CAPISTRANO UNIF-ID#1 1999 BOND 2000	122,000	47,000
SANTA ANA UNIF SCH-1999 BOND SR2000	422,000	201,000
IRVINE UNIF-SERIES H BOND FUND	0	0
BREA OLINDA UNIF-1999 BOND SR 1999A	156,000	66,000
TOTAL SCHOOL BOND	6,319,000	2,648,000
Anaheim CRA TOTAL	2,558,000	1,491,000
Brea CRA TOTAL	2,669,000	1,293,000
Buena Park CRA TOTAL	663,000	303,000
Costa Mesa CRA TOTAL	202,000	77,000
Cypress CRA TOTAL	711,000	277,000
Fountain Valley CRA TOTAL	558,000	206,000
Fullerton CRA TOTAL	1,639,000	615,000
Garden Grove CRA TOTAL	1,681,000	1,054,000
Huntington Beach CRA TOTAL	728,000	271,000

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La Habra CRA TOTAL	170,000	81,000
La Palma CRA TOTAL	276,000	110,000
Lake Forest CRA TOTAL	0	0
Mission Viejo CRA TOTAL	565,000	456,000
Orange CRA TOTAL	2,522,000	505,000
Placentia CRA TOTAL	215,000	87,000
San Clemente CRA TOTAL	116,000	46,000
San Juan Capistrano CRA TOTAL	446,000	381,000
Santa Ana CRA TOTAL	3,374,000	1,990,000
Seal Beach CRA TOTAL	146,000	52,000
Stanton CRA TOTAL	600,000	246,000
Tustin CRA TOTAL	891,000	336,000
Westminster CRA TOTAL	1,295,000	507,000
Yorba Linda CRA TOTAL	3,537,000	1,299,000
OC RDA Santa Ana Heights TOTAL	789,000	290,000
Orange Co. RDA ND&P TOTAL	1,302,000	533,000
TOTAL COMM REDEVELOPMENT AGENCIES	27,653,000	12,506,000
GRAND TOTAL	416,086,000	167,050,000